

2/23/2022

Testimony Before the Appropriations, Human Services Committee, Bill 5037

Good Evening Senator Osten, Representative Walker and Members of the Appropriations Committee,

I am Liz Fraser, the Policy Director for the Connecticut Association for Human Services.

CAHS vigorously opposes the Governor's proposed 2023 DSS budget adjustment which seeks to reduce the Temporary Family Assistance (TFA) budget by 5.5 million dollars, the SAGA budget by 2.3 million dollars and eliminate the annual *Cost of Living Adjustment*, (COLA), for families receiving TFA.

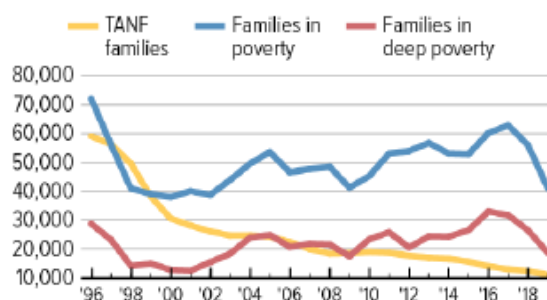
The proposed adjustment is disturbing. Connecticut has a filled rainy-day fund, is on track for a large budget surplus, and for those who can afford property, there is proposal for property tax relief. Reducing the one cash support program available for families who are in extreme economic distress is beyond comprehension. In good conscience, now is the time to question which families and children are we leaving behind, and what steps can we take to ensure there is a path to economic stability for every family, for every child. For the most economically challenged families, it begins with TANF reform.

Connecticut has historically used TANF funding for a myriad of worthy programs, but cash assistance is only about 7% of the total TANF budget, compared to the national average of 22%. ¹ Since 1996, the inflation indexed value of the TFA award has decreased by 34%.

Over the past 20 years the CT TFA cash assistance caseload has consistently declined, and at a much greater rate than the decline in poverty, or deep poverty. However, this is not due to the success of the program. It has more to do with eligibility income limits, how eligibility is determined, and the short time period that parents have to train and get a job, any job. Meanwhile, there are still over 44,000 CT children living in **deep poverty**, or at 50% of the Federal Poverty Level, (FPL). The majority of these children are children of color.

| Families with children | 1995/96 | 2018/19 |
|------------------------|---------|---------|
| Receiving AFDC/TANF | 59,035 | 11,180 |
| In poverty | 71,935 | 41,078 |
| In deep poverty | 28,785 | 18,689 |

Changes in AFDC/TANF Cases and the Number of Families with Children in Poverty and Deep Poverty in Connecticut



Fewer and fewer families are getting the assistance they need; ²for their children to have a fighting chance, their parents need great support. Short of passing a comprehensive basic income support system, we need to reform TAF.

¹ https://www.cbpp.org/sites/default/files/atoms/files/tanf_spending_ct.pdf

² https://www.cbpp.org/sites/default/files/atoms/files/tanf_trends_ct.pdf

We ask that this committee maintain the COLA provision, keep the 7.5 million dollars in the budget, and take additional steps to make Temporary Family Assistance a stronger program, with the supports that lead to economic self-sufficiency. Lapsed funds should be used to provide additional resources to the families it is intended for.

The TFA, COLA needs to be kept in place this year and going forward: Over many years, the choice of the administration and legislature to not fund the required, Cost of Living Adjustment, (COLA), led to an erosion of the cash benefit, making it even harder for families to scrape by. Last year, the 2022-23 CGA Biennial Budget included a provision requiring that lapsed TFA funds be put back into the program, and used to provide the required cost of living increases for recipients. This was a first small step towards TANF reform, and demonstrated a modicum of respect for TFA recipients, who are some of the most economically vulnerable families in the state. In a time of inflation, high costs, and parents still feeling the economic impact of the pandemic, it would be an affront to not fund it.

Use 70% of FPL should be used to determine family eligibility: 2019 data estimates that in Connecticut there were 44,412 children, (6% of the all CT children), living in **deep poverty**, defined as under 50% of the Federal Poverty Level. At this level of poverty, income for a family of three, a mom and two children, is \$11,515. This is not enough for basic necessities, let alone rent or transportation. Yet, this family, under the current *Statement of Need*, (SON), formula used to determine TFA eligibility, would still be earning too much income to be eligible. It is hard to imagine how little income a family must have to be eligible for assistance.

The Standard of Need eligibility formula is a relic of past welfare systems. It does not keep up with inflation, so eligibility levels are extremely low. It is confusing, it has slightly different guidelines depending on where one lives, it does not align with any other program in the state, it stands alone.

A better approach is to use the Federal Poverty Level, (FPL) for TFA eligibility. The FPL is the standard measure used to determine program eligibility across many programs. Restructuring TFA eligibility to 70% of FPL serves several useful purposes; first it is just plain easier to understand, and will align with other programs, making the application process easier and more streamlined; it allows more families living in extreme poverty access to cash assistance; it will be updated annually to be in sync with inflation, (unlike the SON); and it is a standardized measure across the state, eliminating confusion and additional administration costs.

Increasing the time limits on TAF eligibility: Research shows that reliable and stable support for a longer term (6 years) results in greater self-sufficiency and long-term benefit. Connecticut's 21-month time limit, even with the two possible extensions, is one of the most prohibitive eligibility periods in the country, second only to Arizona. Twenty-one months may seem like a long time, but for families in crisis, this time period, even with possible extensions, does not provide enough time for parents to address the multiple barriers that can prohibit supportable employment.

Crucial to being economically self-sufficient, parents need enough time to address lingering challenging issues and gain the confidence, and supports, to actually plan for the future. Additionally, time is needed to acquire the skills, and education needed to secure a job with supportable wages. Many middle-class families expect their children to have 4 years or more of education. We give parents who need training to support a family about 6 months. This often leaves families with short term relief, but long-term economic instability. A report by the Center on Budget and Policies documents that parents leaving TANF cash assistance programs were working, but not in jobs that could actually support a family.³

³ <https://www.cbpp.org/research/family-income-support/most-parents-leaving-tanf-work-but-in-low-paying-unstable-jobs>

Lapsed funds would be well spent on extending eligibility, and providing stronger supports, including allowing extended education and training, with necessary child care, so that recipients could participate in a career pathway program leading to supportable employment. While the upfront cost will be more, the outcomes for both parents, children, and our economy, will provide a meaningful return on investment for families and for Connecticut.

Eliminate the Asset Test:

The Asset Limit Test adds another layer of unnecessary difficulty of the TFA application process. And of course, this is about families in deep poverty, the likelihood that there is a lot of cash or tangible assets stashed away someplace is negligible. The process of proving that an applicant is “poor” is tedious for the applicant and tedious to administrate.

Even at that, as families begin to earn additional dollars, they may want a car that is more reliable than one for \$9,000. Car repairs can quickly add to the cost of an “inexpensive” car. Similarly, saving money is a responsible behavior. Yet we limit the amount of cash on hand to \$3,000. The way TFA is set up, parents are only allowed this small amount to save for the future or unforeseen expenses. It is counter intuitive to limit savings, and provides just another barrier reaching family economic security.

Removing limits would ease the application process and potentially reduce administrative costs of the program. Maybe we should trust families.

Increase earned income disregards: An earned income disregard is the income that families are allowed to keep before losing TFA eligibility. Families are allowed to earn over the stated eligibility cap for a certain number of months, giving an added measure of security.

Currently, once a family is enrolled in the program they can earn up to federal poverty level. But living at the FPL is not close to being self-sufficient, which for a family of three is about

For families close to maxing out their eligible income, EID's are a tool that give families a chance to save some money before they leave the program, and get off to a stronger start.

The purpose of TFA is to provide cash assistance to the most economically unstable families, creating a pathway to family economic stability. Cash assistance works. Cash assistance helps families meet basic needs, can stabilize a family budget, promotes economic and racial equity, and can help children succeed. As demonstrated by the federal child tax credit, cash in the pockets of parents has been proven to move children out of poverty and increase family stability. TFA is the only cash assistance program in place, and is specifically for those families in the greatest of need. We ask that we do not keep leaving these families behind, unable to access the kind of life that we all would like.

From 2015-2019 there were approximately 97,000 Connecticut children, (13.3% of children) living below the federal poverty level. With investment, we can make a dent in this. Over time, a reformed and robust cash assistance program would certainly provide increased opportunity for children living poverty, and deep poverty throughout Connecticut.